CIMA®
Chartered International
Management Accountant

Investment Accounting and Management Accounting – Evolution and Top Trends

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EVOLUTION OF ACCOUNTING

While accounting is not quite as old as mankind itself, it has a long history worth delving into. Traceable back over thousands of years, its principles have remained constant, though technology has hugely changed how merchants take care of the accounting process. Long gone is the time of people poring over fat books with a pen and an ink pot; software programs and cloud computing cut a previously-20-hour process to barely 15 minutes!

Let us look back at how accounting evolved over the ages to the modern period.

From ancient times to the 15th century

Assyria, Babylon, Mesopotamia, and the Sumerian civilization are where accounting is said to have originated. However, a major milestone came much later – in the 15th century.

Luca Pacioli, an Italian monk, is said to be the father of modern bookkeeping, the person whose work laid the origins of modern accounting. Published in 1494, his famous book "The Summa de arithnictica, geometria, proportion! et proportionalita" is believed to contain the earliest description of the double-entry system of bookkeeping. In the course of his research, he found that merchants maintained books of debits and credits to track their spending and what they owed. This system was key to maintaining proper financial records for merchants and to managing the productivity of their businesses.

This, as is well known, is the basis of contemporary accounting systems in all kinds of entities. The system is one where the balance sheet points to the resources that the entity controls as well as the claimants to those resources.

19th century

1887 saw accounting being solidified as a profession, with the establishment of the first accounting organization in New York. This organization later took on the name ‘American Institute of Certified Public Accountants’, and its advent represented a huge change in how accountants worked – they now served more than one individual or business, as compared to previously serving only a single client each.

20th century

Legislation became a key force, with acts such as the Securities Act of 1933 and the Securities Exchange Act of 1934 bringing in the Generally Accepted Accounting Principles (GAAP). GAAP became the guiding principles for organizations to prepare true, fair financial statements.

Several countries set up their own accounting bodies and standards. Notable among these were the Accounting Standard Committee of the UK and the Financial Accounting Standard Board of USA.

This was the era when computers took over accounting, consigning pen and paper to the annals of history. VisiCalc, a spreadsheet program launched in 1978 on an Apple II computer, allowed for digital data entry and helped streamline the accounting process. If a single number was to be changed, VisiCalc automatically updated relevant information in all other cells too, which was a welcome relief from the previous practice of accountants having to recalculate the entire spreadsheet.

Then came Lotus 1-2-3 from IBM in 1983. Recognized as the first integrated software solution and an updated version of VisiCalc, it could handle spreadsheet calculations, graphical charts, and database functionality.

Just two years later (in 1985) came Excel from Microsoft, fast taking the place of Lotus as the spreadsheet standard. Accountants could now manage cash flow statements, prepare financial statements, and reconcile accounts.

And 13 years after this (in 1998) came QuickBooks, released to simplify day-to-day bookkeeping for small businesses. QuickBooks is now the most popular accounting program in the US, used by 80 percent of bookkeepers. It faced some opposition from professional accountants initially, who were skeptical of its security and felt it did not meet traditional accounting standards.

21^{st} century

The turn of the century saw a major update to QuickBooks, which now included security enhancements such as audit trials and double entries as well as components targeted at particular entries. Small businesses, as a result, found it easy to complete reporting, manage finances, pay bills, and record transactions.

The role of technology has been significant. Humans cannot match the speed at which computers process information, nor the efficiency of the latter. Balances and reports are automatically updated, and processes are extremely secure now, courtesy tokenization. Proper payment card tokenization systems convert, for instance, credit card information into unique tokens, which only the right system can decipher. This token is the key for all future transactions, and even if hackers manage to access the data, they will not be able to unlock it without the secure token.

Accounting methods today

In the present day, accountants follow auditing regulations as well as accounting and ethical standards. They play a huge role in monetary ebbs and flows in the economy, and rare is the business, company, government, or individual who does not need to use basic accounting principles in the course of day-to-day activities or in life as such. A significant part of current business, thousands of years have seen these practices evolve into what we know as modern accounting today.

The effect of computerization

How accounting has changed over time to the present day can also be seen in terms of pre-computerization vs post-computerization. The differences can be seen below:

Before computerization

- Accountants were not consultants or decision-makers, but geeks
- Mistakes meant extensive recalculation and high fraud risk
- Finding mistakes was cumbersome and tedious

After computerization

- Pencils, paper, and calculators were no longer needed
- Error location and correction was simplified
- Error margins came down significantly to acceptable levels
- Tasks were completed much faster

A new role for accountants

With computers came a change in the job description of accountants, the erstwhile number-crunchers. From recommending best practices in managing finances to upping profitability while reducing costs, accountants now call upon their people skills more often than keeping a tab on numbers.

The roles have shifted – and how! Here are the key changes:

1. From generating and recording transactions to interpreting them
2. A bigger element of consulting, and offering advice within own organizations and to clients
3. Business decision-making becoming significant in day-to-day work
4. Automation and smart software making accountants highly efficient, better organized, and more productive
5. Real-time data analysis on large files accessed through the web, instead of sifting through paper stacks in physical proximity
6. Higher accuracy and lower errors in work, hence fewer penalties borne by company

Ethics to the fore!

From Enron in 2001, to Arthur Andersen going out of business, and the financial crisis of 2008, it has been far from smooth sailing for accountancy. Companies have taken some dubious financial actions, leading to huge scandals. As a result, the Sarbanes-Oxley Act brought in – among other things – stronger restrictions on consulting assignments of accountants. With higher reporting requirements and more corporate regulations, expert accountants are in more demand than ever before.

Annual financial account 2019
Quarter 1
Quarter 2
Quarter 3
Quarter 4

Modern accounting

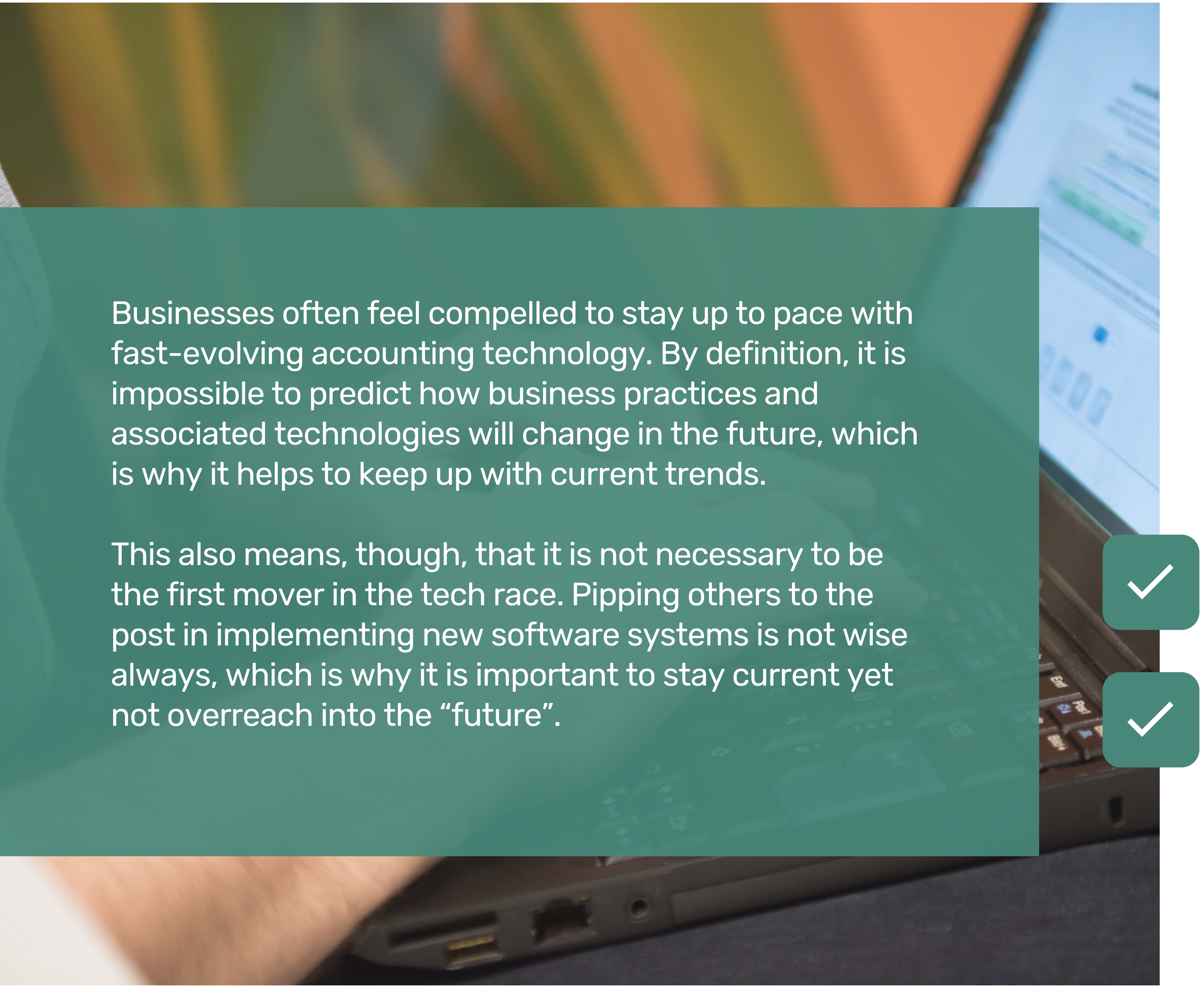
Technology has been a great force in the world of business, with businesses, customers, and suppliers (among many others) connecting with each other through the Internet. Given the advantages this brings to all, it makes sense for accounting to leverage technology to the best extent possible.

From systematized payment collection to improved tax strategies, technology brings great benefits to accounting in the present day. Well-thought-out investments in accounting technology and systems could bring great results for the company.

Over the years

From accounting ledgers recording money movements in and out, to cash being the mode of settlement for most transactions, accounting and business tracking was quite basic in the earliest years.

Modern accounting systems imply systematizing financial tracking with accounting software and other technology. There is no more the need to write things down by hand, as automation in modern accounting software takes care of all tracking requirements. What has not changed is the double-entry system of bookkeeping – for every transaction, there is always a debit and a credit. As seen previously, this system dates back to the 15th century, but automation came in only in recent years.



Businesses often feel compelled to stay up to pace with fast-evolving accounting technology. By definition, it is impossible to predict how business practices and associated technologies will change in the future, which is why it helps to keep up with current trends.

This also means, though, that it is not necessary to be the first mover in the tech race. Pipping others to the post in implementing new software systems is not wise always, which is why it is important to stay current yet not overreach into the “future”.

Business speak

Accounting serves several purposes for businesses these days:

- ✓ Financial reports convey profitability and other details of the business
- ✓ They can help to take decisions with regard to cash flows, hiring, and spending

Types of accounting

As businesses and technology have evolved with time, so have accounting systems and practices. From simple bookkeeping of the early years to now, there is more than one type of accounting in practice. Here are the chief types you must know about:

Financial accounting

This is a specific branch of accounting that looks at the myriad transactions happening as a part of business operations over time. Its key purpose is to record, summarize, and report these transactions through financial statements covering the operating performance of a company over a period of time. The statements include the balance sheet, cash flow statement, and income statement. And within these statements come the following main classifications of financial data:

Data used in financial accounting

- **Assets**
- **Liabilities**
- **Equity**
- **Revenues**
- **Expenses**

Established accounting principles govern the work of financial accountants, and these principles differ as per the country where the particular company is based. For instance, US public companies are required to comply with GAAP, while those in other countries must comply with similar regulations for the respective country. Consistency of information to creditors, investors, regulators, and tax authorities is the key purpose of the principles.

Investment accounting

The tasks of recording all institutional investment transactions and monitoring the related custodian accounts come under the purview of investment accounting. An investment accountant takes care of activities in pooled endowments as well as in separately-held portfolios, and reports to senior management. Asset management and brokerage firms, hence, are typical employers.

Compare an investment account with a regular savings account. The latter involves practically no risk to capital, assuming of course that the bank does not file for bankruptcy. On the other hand, stock market accounts and other investment accounts involve more risk, as the capital is used to buy shares, stocks, goods, or services that are expected to appreciate in value over time and provide a greater rate of return than savings accounts, in the process.

Types of investments

- **Stocks**
- **Bonds**
- **Derivatives**
- **Commodities**
- **Real Estate**
- **Fixed Income**

Management accounting

A management accountant helps managers to pursue the attainment of organizational goals by identifying, measuring, analyzing, interpreting, and communicating financial information to them. Management accounting primarily looks at information on costs and revenues of the goods and services offered by a company. The cost component looks at fixed costs as well as variable costs at each production stage, to understand the total production costs.

Management accounting looks to help users within the company in taking better-grounded business decisions. Another key aspect is that information can be provided in the format required by particular departments; for instance, percentage of units produced for the production department, a graph of salary by employee over a specific time period for HR, and more. Finally, because it is internal to the firm, there are no accounting standards to follow, and hence techniques used can vary widely between firms.

Types of management accounting

Product costing and valuation

Cash flow analysis

Inventory turnover analysis

Constraint analysis

Financial Leverage metrics

Accounts receivable management

Cost accounting

A form of management accounting, cost accounting looks to understand the total cost of production incurred by a company. This is done by assessing the fixed costs and variable costs at every stage of production. As with management accounting, cost accounting too does not have to comply with any particular standards, and it is flexible enough to meet managerial needs.

The process begins with individually measuring and recording the fixed and variable costs. These are then compared to output results, so that financial performance can be measured and future business decisions can be made. In this process, the following types of costs are studied:

Types of investments

Fixed costs:
No variance as per level of production

Variable costs:
Tied to the production level

Operating costs:
Associated with day-to-day business operations

Direct costs:
Specifically related to producing a product

Indirect costs:
Cannot be linked directly to product

Tax accounting

Fundamentally different from other forms of accounting, tax accounting does not focus on public financial statements. It, instead, looks at taxes, and is governed by the Internal Revenue Code, which specifies the rules that companies and individuals preparing their tax returns must follow.

The users of this form of accounting include individuals, businesses, corporations, and other entities. Here is how the focus differs as per the user:

Individuals:
Income, deductions, donations, investment gains or losses

Business:
Greater scrutiny of fund spending and what is or is not taxable

Forensic accounting

A form of accounting whose analysis informs legal proceedings, forensic accounting leverages skills in accounting, auditing, and investigation to examine the finances of a business or an individual. Looking beyond the numbers into the reality of the situation, the work of a forensic accountant becomes important when a financial crime is to be explained in the court during fraud or embezzlement cases.

Here are some important aspects of forensic accounting:

Tasks:

Compiling financial evidence, developing computer applications to manage the information, and communicating the findings

Actions involved:

Asset identification, asset recovery, due diligence reviews, and tracing funds

Additional training areas:

Alternative dispute resolution (ADR) due to high involvement in legal issues

Comparing the different accounting types

Here is a quick look at financial accounting vs two other trending types of accounting on some prominent parameters:

Parameter	Financial accounting	Investment accounting	Management accounting
Activities	Recording all financial transactions as per relevant accounting principles Preparing financial statements	Recording and accounting for the investment of assets held by the organization for earning income Preparing P&L statement for each investment asset and asset groups	Preparing specific analytical reports to support managerial decision-making
Usage and purpose	Provide standard set of reports to outside stakeholders (customer, suppliers, credit rating agencies, shareholders) to analyze the health of the business	Provide status of investments to stakeholders for managing and planning organizational investment decisions	Provide strategic information to management to make informed decisions and plans for the business
Regulatory reporting	Prepare reports and statements as mandated by GAAP, IFRS, local statute(s), or any other global standards	Record and report as per IFRS, FASB, accounting standards guidelines, principles, and rules for internal decision-making and for the understanding of external stakeholders	There are no specific regulations to follow. Create reports in any format with information specified by management, with the intention of using it for a specific decision or situation

Comparing the different accounting types (Cont'd)

Parameter	Financial accounting	Investment accounting	Management accounting
Reporting period and timeline	Reports issued only at the end of a reporting period (year/ quarter/ month) Information related to past data	Frequency for internal stakeholders to be defined by management	Reports prepared at any time and with any degree of frequency, depending upon information needs of management.
Output	Aggregation of financial information through financial reports such as balance sheet, P&L statement, and cash flow statement	Shown as part of balance sheet Investment P&L statement prepared separately for each investment	Documents or reports with analysis of products and functions
Independent audit	Mandatory	Special audit permitted; can be combined with statutory audit	Not mandatory
Reporting segments and details	Primary focus on reporting financial results and position of an entire business entity	Bigger focus on P&L for individual investments	Focus on details such as for individual products, product lines, geographical areas, customers, or subsidiaries

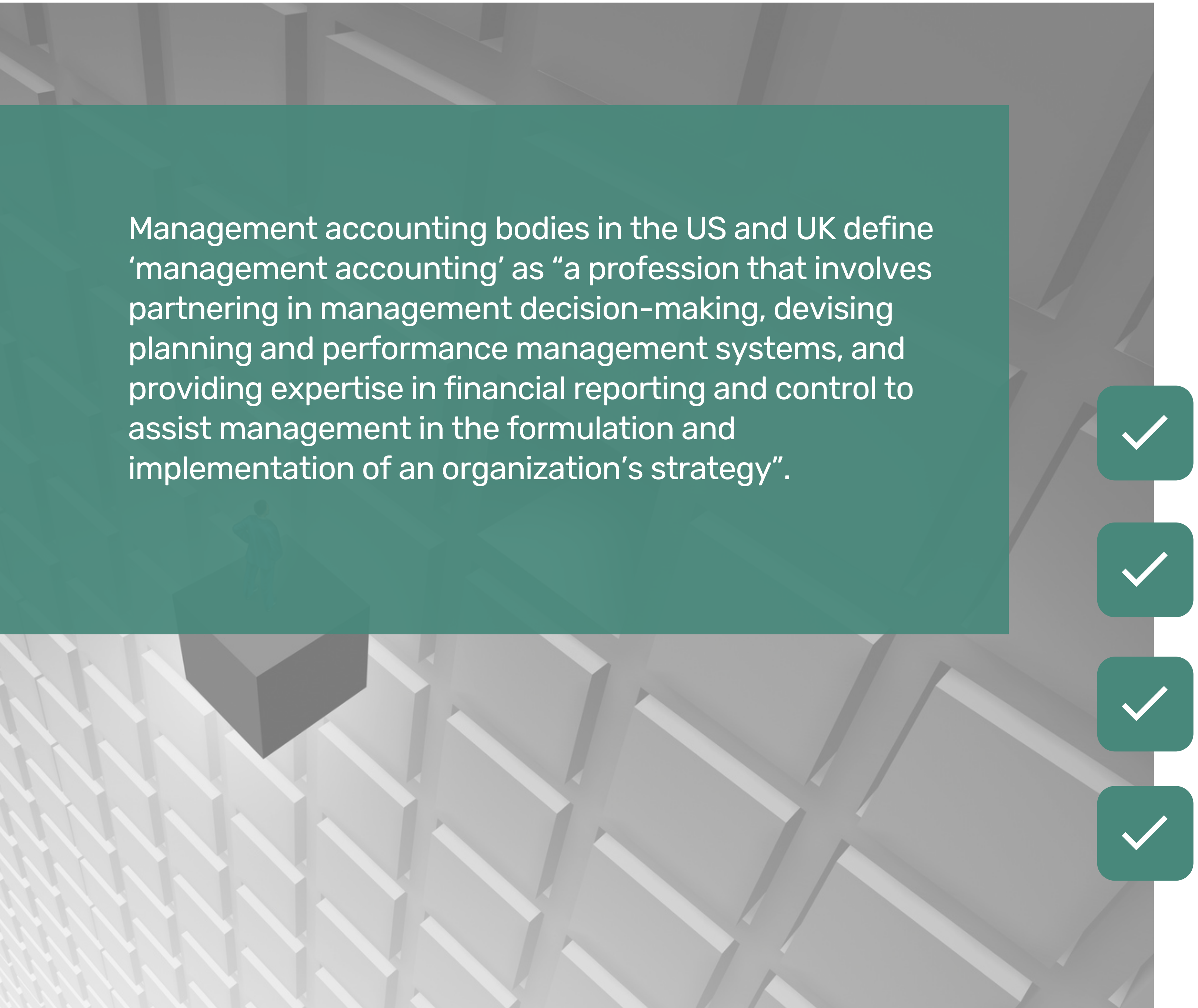
Evolution of investment accounting and management accounting from modern accounting

In the traditional accounting world, the typical expectation from an accountant is to ensure that financial transactions are recorded and financial statements are prepared for both internal and external stakeholders. But with the ever-changing demand for understanding the various aspects of business, the role of an accountant has completely changed to not only cover traditional accounting but also to provide:

- A framework for decision-making
- Relevant information to various users
- Assist in both short- and long-run planning

Such expectations increased the need for several specialized fields in accounting, including management accounting and investment accounting. Several accounting standards were introduced along with the accounting principles and reporting standards under GAAP and IFRS. Accounting bodies and regulators worked toward standardizing and defining the meaning of such specialized accounting fields.

How management accounting came to be



Management accounting bodies in the US and UK define ‘management accounting’ as “a profession that involves partnering in management decision-making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization’s strategy”.

The field of management accounting by itself has evolved considerably from being part of financial accounting to becoming an independent function over a period of time. In the 1980s, management accounting sat at the lower end of the information supply chain. Now, it is perceived to be at the highest end of the same.Management accounting has moved from transaction and compliance orientation to that of a strategic business partner:

- ✓ Steward of corporate performance management, planning, and budgeting
- ✓ Champions of corporate governance process
- ✓ Providing risk management, internal control, and financial reporting at times of great change
- ✓ Helping the organization to become more competitive and successful

How investment accounting came to be

Investment accounting, on the other hand, is part of statutory reporting requirements, and emerged as a specialized area of expertise. To become or serve as a specialized investment accountant, one needs a strong understanding of accounting rules and treatments, which form the backbone of quality financial analysis. Whether you are an established analyst at a large investment bank, working in a corporate finance advisory team, just starting out in the finance industry, or still learning the basics in school, understanding how firms account for different investments, liabilities, and other such positions is key in determining the value and future prospects of any business.

To make the information consistent, transparent, and easily comparable around the world, International Accounting Standards Board (IASB), International Financial Reporting Standards (IFRS), and other accounting standards did the following:

1. Created standards along with set of accounting rules for the financial statements of public companies. Especially IAS 28 and IFRS 11 which ensured associate company investment and joint ventures to have a clear set of reporting to the stakeholders
2. Created categories like investments in financial assets, investments in associates, and business combinations under generally accepted accounting principles (GAAP)
3. Prescribed various disclosure requirements with accounting for investments in financial statements prepared by a company, such as:

- The accounting policies applied to determine carrying amount of investments
- The amounts included in P&L statement for interest, dividends, rental on investments, profit or loss disposal, and others
- Realizability of investments or the remittance of income and proceeds of disposal
- The aggregate amount of quoted and unquoted investments, giving the aggregate market value of quoted investments.

When new specialized accounting functions like management accounting and investment accounting become more critical, the need for an integrated information system to record data at the primary level becomes important. Such data is used for formulation and implementation of strategy and standards related to GAAP, IFRS, and IAS effectively. To enable lower-level tasks, data and conversion of the data into information have been taken over by technology (e.g. ERP). The specialized accountant became the backbone of creating an integrated software system to systematize accounting, financial and business information.

The evolution of investment accounting and management accounting is driven by the rapid innovations in information technology and perceived increase in competition in the business environment.

Key trends in investment accounting

Investment accounting has never operated in a simple landscape. 2008 brought the financial crisis, 2020 signaled the pandemic, and along with other accounting developments, the investment reporting environment has only become more complex.

What the business world requires is solutions taking care of:

- Accounting
- Compliance
- Performance evaluation
- Risk analytics

Divergent systems historically handled the reporting needs of companies, but in the present scenario, integrated solutions are best placed to offer both pre- and post-trade reporting for better accounting and financial reporting, compliance, decision-making, and dynamic performance reports. They achieve this by:

- Independently checking valuations
- Offering a single view into the aforementioned four areas

Here are the top trends to shed some light on the likely future scenario:

Information requirements spread across the investment lifecycle

The post-trade phase was the historical focus area of investment accounting, with companies looking to record investment decisions for financial accounting and reporting. In recent years, though, there is a greater emphasis on looking ahead at investment risk, with companies seeking details of portfolio performance in the pre-trade phase of the investment process.

Possessing the right information becomes important

Incomplete or insufficiently-detailed data is difficult to combine and present, for regulatory and other purposes. Differing accounting assumptions in data from diverse sources make for reports that fail in the face of even basic managerial scrutiny. Solving this situation requires integrating data within one system to facilitate decision-making and reporting. This will help in checking data against records and reporting, and variance beyond acceptable levels will lead to investigation and further improvements.

Reporting moves up the hierarchy

Management philosophy will determine the amount of information the management requires, and the former often depends on the quantum of free cash flows generated and the relative size of the investment portfolio. Reporting requirements vary from ad-hoc ‘check the box’ approaches to a deeper balance-sheet focus, with active managements aggregating the data with capital markets information to make decisions on capital structure and funding.

Educating board members becomes a priority

Members of the board are often poorly informed on risks, questions to ask, or actions to take. This makes it important to deploy the right tactical means and tools to convey the requisite information so that a wider understanding takes place. In this regard, the data presented as well as the nature of conversations must change with time, in line with changing dynamics and portfolio growth.

Time constraints compel the choice of the right metrics

Board members typically are very pressed for time, needing to cover several meetings and lots of information. They must be given the right level of information, with high-level portfolio reporting focusing on performance compared with key policy objectives. Selection of the right metrics to present is critical, for which it is a good idea to use the same data to manage investments and to give reports.

Market events catalyze the need for better accounting

Major market events such as financial crises have heightened the need for accurate, integrated, and timely reporting on investments. Active financial organizations require real-time information to drive continuous decision-making, and this timeliness is particularly important for pre-trade decisions. Along with this comes the need for internal and external transparency on investment details and associated risks.

Key trends in management accounting

Management accounting has seen its share of changes over the years. As per the Institute of Management Accountants (IMA), management accountants will need certain key skills to boost their career prospects:

- Strategy, planning, and performance
- Reporting and control
- Technology and analytics
- Business acumen and operations
- Leadership
- Professional ethics and values

Looking ahead to the future, here are some of the key trends in this domain:

Guidance for sales and marketing

More accurate product and standard service-line cost and profitability information gives much-needed cost visibility. This helps marketing and sales to focus on not just bigger market share and sales but on more profitable sales too, for which it is important to track expenses such as channel distribution, customer service, marketing, and selling.

Integration with enterprise performance management (EPM)

EPM refers to methods employed by the executive team to achieve strategic goals and improve control and profits. These include balanced scorecards, lean management, strategy maps, and more. Management accounting systems must provide the right inputs for EPM systems to generate useful results.

Use of financial reporting and business intelligence software

Financial reporting software packages such as Fathom and Futrli help to see how a business is performing on selected KPIs. The choice is determined by the type of client base – Fathom offers streamlined management reporting with reports and deep insights, while Futrli offers cloud-based customized budgeting and planning.

To work with larger as well as with a combination of financial and non-financial data, Power BI and Tableau are commonly deployed. Power BI, an extension of MS Excel, can provide data in several different forms, along with machine learning, predictive analytics, and process automation. Tableau can integrate infinite data points into its mobile-friendly dashboards.

From accounting and finance to operational analytics

Analytics is serving as a key tool to improve operational efficiency and revenue, as well as to create and sustain a competitive advantage. It also helps to improve operational processes and standards, which in turn streamline operations and boost profits.

A move toward predictive accounting

Managers and employee teams tend to want different things from what management accountants report. This happens because instead of the costs of what is already done, managers need to know costs of the future as well as the reasons for the same. Accounting information becomes more useful with a shift from financial accounting to cost reporting and further to decision support with cost planning.

A competitive edge through EPM-embedded analytics

Embedding business analytics in EPM helps to generate more and better questions as well as to provide the right answers to those questions. Progressive management accounting must recognize the competitive edge to be gained with capabilities and competencies in analytics.

Use of ratio analysis

From liquidity and profitability ratios to capital structure and working capital ratios, ratio analysis offers fundamental insights into the financial health as well as current and predicted performance of the business. It follows that different industries have different ratios due to varying norms of analyzing performance.

Coexistence of different accounting methods

Different accounting methods each have their own positives and hence advocates. Employing more than one method will cater to the distinct purposes of various employee teams and managers, which is something that the more progressive management accounting teams and CFOs are incorporating in their operations.

Managing IT and shared services as a business

Management accounting is increasingly being used for internal chargebacks, such as invoices from internal service providers to service users. These help service providers to create a market for pricing their services, and also helps to use cost consumption rates for service level agreements (SLAs) to establish transfer pricing.

Improved skills needed with behavioral change management

Given how management accountants often are unable to secure smooth acceptance for their ideas, it helps for them to be more capable in managing behavioral change. More than quality of data and its diverse sources, behavioral, cultural, and social barriers tend to trip up the implementation of progressive management accounting and EPM methodologies.

Career prospects – and choosing between investment and management accounting

As a career choice, both investment accounting and management accounting offer several attractions in terms of roles and responsibilities. Below are the details to help you make the right choice:

Investment accounting

1 This requires professionals to master and mind the accounting, analysis and reportage of investment transactions, returns, gains, and losses.

2 Investment accountants are responsible for overseeing the setting up of new securities in the accounting system and for monitoring trade entries.

3 Duties include:

- Accumulation and distribution of internal net sales and board reports
- Daily valuation process on fund accounting and portfolio accounting systems
- Maintenance of new security data
- Mutual fund accounting
- Ensuring compliance with standards like IFRS and GAAP for investment accounting and valuation

4 Investment accountants can work in leading brokerage and asset management firms that manage billions of dollars of investment portfolios of client organizations.

5 Some of the specific roles performed by investment accountants as part of their career path are:

- Fund manager, investment manager, asset manager (key leadership role)
- Fund accountant
- Business analyst – fund accounting, investment management
- Financial and investment advisor
- Audit consultant or accountant – private equity
- General accounting – treasury

Management accounting

1 This requires professionals to look after company finances and find ways to improve revenues and profitability using available cost, market, sales and financial data, as well as their future projections.

2 Management accountants work within companies and organizations to

- Direct internal financial processes
- Monitor costs, sales, spending, and budgets
- Conduct audits
- Identify past trends and predict future needs
- Assist company leaders with financial decisions

3 Duties include:

- Recording and crunching numbers
- Helping to choose and manage company investments
- Risk management
- Budgeting
- Planning
- Strategizing
- Decision-making

4 Professionals can work in global transnational corporations across industries.

5

Some of the specific roles performed by management accountants as part of their career path are:

- Financial analyst or chief financial analyst
- Accounting manager or head accountant or chief accountant
- Manager or head of financial analytics
- Manager or VP or head of strategic planning
- Manager or VP or head of financial planning and analysis (FP&A)
- Treasurer
- Controller
- Manager or VP of finance, or CFO

Combining CIMA with existing finance certifications

The job market today is highly competitive – accounting is automating fast and is increasingly software-driven. Standing out from the crowd requires demonstration of expertise in newer, more advanced, and specialized accounting domains focusing on the core business strategy and capabilities of organizations. Most large organizations rarely worry about tax and compliance, which is why successful accounting professionals increasingly look to pick up more than one professional certification to showcase the diversity of their professional expertise.

CIMA and other finance certifications

Common accounting and finance certifications such as chartered accountancy (CA) have some overlaps in areas such as experience requirements, knowledge areas, and syllabus, and can in turn synergize very well. A qualified CA can, for instance, put in a little more effort in his/her preparation to conveniently complete CIMA® and other global certifications and qualifications.

90.2
83.5
90.2
+3.5
+83.4
67.5
71
55.2
67.5
55.2

The pluses of multiple certifications

Expertise in local accounting standards is often a limiting factor for career prospects, which is why accounting professionals are looking at global qualifications, reducing their dependence on financial and disclosure accounting. Here are some of the universal benefits:

✓ Higher earnings: Accounting professionals with multiple certifications typically earn more than their less-qualified peers. For instance, an individual with CIMA® and CA could earn a salary that is higher by 15-20 percent.

✓ A profile to impress employers: Multiple certifications are a demonstration of determination and passion for learning as well as wide-ranging professional expertise and a readiness to work across the world. Even entrepreneur accountants can leverage the multiplier effect on their business scope, client confidence, and service portfolio.

✓ Improved career prospects: Expertise in diverse accounting areas and domains widens the target pool of jobs and opportunities, apart from also improving advisory and consulting capabilities.

The usefulness of CIMA® for chartered accountants

With CIMA®, a chartered accountant becomes well-equipped for diverse industries and roles across financial, investment, and management accounting. As a CA, (s)he is a disclosure accounting specialist addressing statutory stakeholders, but with CIMA®, (s)he can offer high business value to an employer. In particular,

- ✓ Investment accounting knowledge prepares chartered accountants for brokerage firms, hedge funds, investment banks, mutual funds, and other specialized industries.
- ✓ Knowledge of management accounting creates opportunities even in non-finance industries.

The right timing

A candidate might choose to do CIMA® right after completing CA, if there is the intent from the beginning to do both certifications. Commonly, though, a person holding CA works in the field for some time, and later chooses to go for CIMA®. This could be because of changing interests or a move into a role requiring specialized accounting knowledge that CIMA® would provide.

The transition period from one job to another could be a good time for a CA holder to take up CIMA® e.g. a move from public accounting to a corporate position. The right timing thereby is also affected by understanding the roles and the specific job responsibilities that people with each certification might do.

For more information, please visit **www.cima.institute**

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